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Chair: Ms. O'Brien (Vice-Chair) ..... (Ireland)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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In the absence of Mr. Tommo Monthe (Cameroon), Ms. O'Brien (Ireland), Vice-Chair, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 134: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Accountability system in the United Nations Secretariat (A/72/773 and A/72/885)

1. **Mr. Saunders** (Assistant Secretary-General for Central Support Services), introducing the Secretary-General's seventh progress report on the accountability system in the United Nations Secretariat: strengthening the accountability system of the Secretariat under the new management paradigm (A/72/773), said that the first part of the report provided an update on the action taken to strengthen the accountability system over the previous year, including establishing the principles of the leadership framework for the United Nations System Chief Executives Board for Coordination (CEB), strengthening the whistle-blower protection policy, instituting special measures to combat sexual exploitation and abuse, acting to combat sexual harassment, and carrying out a fraud and corruption risk assessment. In the second part, the Secretary-General explained the ways in which the strengthened accountability system would support his proposed management paradigm, under which greater authority would be delegated to managers to enable them to determine how best to use resources to implement programmes and fulfil mandates. To complement the greater delegation of authority, management rules, policies and procedures would be simplified and streamlined, administrative guidance would be disseminated, and training, support, monitoring and accountability mechanisms would be established. Under the "three lines of defence" model described in the report, essential roles and responsibilities in risk management and internal controls would be clarified and risk management systems would be improved. The model was aligned with the overall objective of the management reforms and was designed to help the Organization fulfil its mandates and ensure that resources were used effectively.

2. The first line of defence would be the Organization's operational managers. They would be responsible for managing risks and maintaining effective internal controls in addition to implementing their programmes of work. The second line of defence would be the Business Transformation and Accountability Division of the proposed Department of Management Strategy, Policy and Compliance. It would strengthen accountability systems to foster a results-based culture and proactive risk management, and would guide and support managers in using the authority delegated to them.

3. For example, the Division would monitor the segregation of duties in such areas as procurement, to reduce the risk of errors and irregularities and ensure that no single individual controlled all phases of a decision or transaction that involved the Organization's resources. Such segregation was carefully respected in the reform proposals; for example, the Secretary-General proposed that supply chain management, including procurement, should be the responsibility of the Department for Operational Support, while the Business Accountability Division should review and provide advice on the award of contracts. The separation of those functions, both of which were currently performed in the Department of Management, would maintain decision-making independence, reinforce internal controls and avoid conflicts of interest. The Division would review the findings and recommendations of oversight bodies, monitor the implementation of such recommendations and support self-evaluation by managers to improve planning and decision-making. It would use Umoja and other enterprise solutions to provide real-time information to senior managers and other stakeholders through data analysis, and would conduct management reviews and quality assurance in a cycle of continuous improvement. The Secretary-General's proposed reforms were intended to direct the efforts of staff towards achieving the Organization's objectives and goals through results-based management. An action plan for the implementation of results-based management was contained in annex II to the report.

4. The third line of defence comprised the Office of Internal Oversight Services, the Organization's internal oversight body, together with the Board of Auditors, the Joint Inspection Unit and the Independent Audit Advisory Committee, which provided external, independent assurance to the General Assembly. The accountability system had evolved gradually, and the Secretary-General wished to integrate each of its components into a system that conveyed to all staff the Organization's expectations in terms of conduct, performance and efficient management. Annex I to the report contained an updated description of the accountability system, including the additions made since the Secretary-General's report on the matter at the sixty-fourth session (A/64/640) and the elements proposed under the Secretary-General's current management reform. The updated system would be the basis for global accountability guidance that would

clearly articulate what those components were and how the accountability mechanisms fitted together and related to each other. That would enable managers and staff to discharge their responsibilities in an informed, responsible manner and be held accountable for their actions and decisions.

5. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/885), said that the General Assembly, in successive resolutions referring to the accountability framework, had made a number of requests for information that the Secretary-General's report had failed to address specifically. The Advisory Committee called for the inclusion in future reports of information on the implementation of the anti-fraud and anti-corruption framework; a specific anti-fraud policy related to implementing partners; the policy on protection against retaliation, including case statistics; and the indicators measured by senior managers' compacts. The Advisory Committee attached great importance to the adoption of a system-wide definition of fraud and presumptive fraud, and to progress in the fraud and corruption risk assessment, pursuant to General Assembly resolution 71/283.

6. With regard to the Secretary-General's proposals for strengthening the accountability system of the Secretariat under the new management paradigm, the Advisory Committee had observed a tendency to outline a framework for the proposed changes without exploring the detail of those changes, including the ways in which they would be operationalized. The Advisory Committee trusted that the next report on the matter would provide the General Assembly with more information on how the accountability system would be adapted to the proposed management reform; on the impact of the streamlining and simplification of the accountability policy framework on internal control and the delegation of authority; and on the proposed changes to the Financial Regulations and Rules and the Staff Regulations and Rules of the United Nations.

7. With regard to the "three lines of defence" model, the Advisory Committee welcomed the Secretary-General's intention to make risk management an integral part of Secretariat entities' responsibility for day-to-day management of their operational activities. It trusted that the next report would include further details on the practical application of the model, and information on improvements in the operational effectiveness of the entities in question and in the accountability of individual managers. With regard to the proposals regarding delegation of authority, the Advisory Committee felt that a clearer understanding could be promoted by providing, for key personnel, sample matrices of typical key functions and comparisons of current and envisaged delegation of authority. The General Assembly should be provided with assurance that the requisite safeguards were in place to ensure responsible exercise of the delegation of authority and stewardship of resources. With regard to the proposed statement of internal control, the Assembly should be further informed of the significance of the statement and how it would be operationalized and used as an instrument of accountability. The Advisory Committee recommended that the Assembly should request the Secretary-General to improve the effectiveness of senior managers' compacts as an instrument of accountability, and to provide in his next report information on measures to further strengthen the compact system.

8. The Secretary-General's annual progress reports on the accountability system mostly provided descriptions of administrative policies, procedures and tools, and did not regularly contain information on the mechanisms for monitoring and reporting on the application of those measures, the related indicators and performance data, or an analysis of the measures' effectiveness in strengthening accountability. The reports should provide an overview of the status of accountability in the Secretariat, with key performance indicators and supporting statistical information, and an analysis of the impact of the application of specific accountability measures.

9. **Ms. Baumann** (Switzerland), speaking also on behalf of Liechtenstein, expressed full support for the Secretary-General's vision for management reform and his proposal to shift the management paradigm. As the General Assembly, in its resolution 72/266, had emphasized that accountability was a central principle of management reform, she welcomed the proposal to make the accountability system more robust and effective, with comprehensive, transparent reporting to the Assembly. Responsibility, authority and the related functions should be aligned, and roles and responsibilities should be clarified. The managers responsible for fulfilling the Organization's mandates must have more authority delegated to them, and must be held accountable for their decisions, performance and conduct. They should receive support to ensure that they had the tools and ability to exercise that delegation of authority in a responsible and accountable way. The two delegations concurred with the view of the Advisory Committee that the next progress report should provide further information on the steps to be taken in that regard. A performance monitoring and compliance function should be introduced to assess how far the

Organization's operations were aligned with the internal control system and the best practices applicable to the Secretariat's business processes, and to improve transparency and accountability. A strong, transparent performance management system was essential to a more accountable, effective and efficient United Nations. Risk management was also essential to a strong accountability system. The Secretary-General should include in his future progress reports details of the measures taken to mitigate the risks identified in the recently established Fraud and Corruption Risk Register.

10. **Ms. DiGiacomo** (United States of America) said that her delegation acknowledged the Secretariat's initiatives to improve the policy on protection against retaliation and review the anti-fraud and anti-corruption framework. She would seek further information regarding the ways in which the proposed Department of Management Strategy, Policy and Compliance would ingrain enterprise risk management, which was essential to accountability, in the Organization's culture, and help address and mitigate risk.

11. The Secretary-General's progress report on the accountability system at the current session was linked to his proposal to shift the management paradigm. The Committee must take account of those links in its discussions, particularly in such areas as the delegation of authority. As her delegation had noted during the discussion of management reform at the 43rd meeting of the Committee (see A/C.5/72/SR.43), the status quo was not an option, since the Organization's fragmented nature and inefficient accountability systems were unsustainable. While the management reform and efforts to strengthen accountability were linked, an effective accountability system was essential to the successful management of the Secretariat, which must therefore strengthen organizational accountability, irrespective of any decision taken by the General Assembly on management reform. As the accountability system was related to many aspects of the Organization's management responsibilities, from senior managers' compacts to results-based management, her delegation agreed with the view of the Advisory Committee that future progress reports should provide more complete information on the overall status of accountability in the Secretariat, including benchmarks and data to substantiate the results of accountability initiatives. She hoped that the Committee would be able to discuss all aspects of the report sufficiently within the limited time remaining in the current session.

12. **Mr. Imada** (Japan) said that Japan attached great importance to enhancing the accountability and transparency of the Organization, since the Secretariat was funded by taxpayers. That consideration was of critical importance, particularly at a time of structural reform of the Secretariat. His delegation called for clear accountability to be made a primary goal of the reform initiative, which it fully supported, and for the same clear accountability to be maintained throughout the implementation of the initiative. The current accountability system had been launched following the issuance of the report of the Independent Inquiry Committee into the Oil-for-Food Programme in 2005, which had found that weak segregation of duties had resulted in bribery being tolerated in the Procurement Division in the Secretariat.

13. His delegation was aware that some Member States questioned the advisability of holding the Secretariat accountable for misconduct, including sexual misconduct, committed in the performance of functions by entities outside the Secretariat, including United Nations funds and programmes, and non-governmental organizations. Japan took the view that that approach was indeed justified when activities were being funded from Member States' assessed contributions.

14. It was the understanding of his delegation that the remit of the Office of Internal Oversight Services covered the Secretariat's arrangements with the entities that received funding from it. Japan favoured the establishment of a genuine framework to hold each part of the Secretariat accountable for the performance by non-Secretariat entities of activities funded through transfers from the regular budget. Should cases of misconduct arise in relation to such activities, those responsible for the transfers should be held to account.

15. **Mr. Gao** Huijun (China) said that the accountability system, the fundamental principles of which were laid down in the Charter, guaranteed the effective operation and management of the United Nations. Over the years, the Secretariat had established systems and norms to ensure the fulfilment of mandates and the effective operation of the Organization. In view of emerging trends and challenges, the accountability system of the United Nations, the most universal, representative and authoritative intergovernmental organization, must be continuously improved. Since the General Assembly had emphasized that accountability was a central principle of management reform, a stronger accountability system was essential to the success of the various ongoing reforms.

16. China supported the Secretary-General's efforts to fulfil mandates as the executive head of the Organization; he must be accountable to Member States

in the performance of his functions. Strategic frameworks and budget deliberations were among the vehicles for achieving such accountability. The supervision of accountability by the Fifth Committee and the Committee on Programme and Coordination must be strengthened rather than circumvented. The current management reform proposals involved restructuring and greater delegation of authority, and the Secretariat's internal accountability system should be improved accordingly in a timely fashion.

17. China welcomed the proposed "three lines of defence" model and the establishment of the Business Transformation and Accountability Division as the start of the strengthening of the accountability system. The Board of Auditors also supported the reforms, but much remained to be done. The management culture must be improved, the oversight and policy framework must be reviewed, detailed arrangements for the delegation of authority must be developed, the Secretariat's rules and regulations must be revised, internal control must be enhanced, staff performance assessments and the related incentives and sanctions must be refined, and higher standards of ethics must be promoted. His delegation requested clarification regarding what the Advisory Committee had described as inconsistent monitoring, follow-up and reporting relating to the tracking and implementation of General Assembly resolutions on the accountability system.

The meeting rose at 3.40 p.m.